

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: Ron Kagan, Ph.D., Director
Zoological Institute

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 4, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Interim Chief Financial Officer
Pamela Scales, Budget Department Director
Tanya Stoudemire, Budget Department Team Leader
Kandia Milton, Mayor's Office

Zoological Institute (44)

FY 2006-2007 Budget Analysis by the Fiscal Analysis Division

Summary

The Mayor's 2006-2007 Proposed Budget eliminates funding for the Zoological Institute. The Proposed Budget assumes that the Memorandum of Agreement between the City of Detroit and the Detroit Zoological Society is effective for the entire fiscal year. The agreement becomes effective on the date that the State of Michigan appropriates \$4.0 million in funds to the Society to use for the general operation of the zoo. The State has not yet appropriated the funds.

On March 1, 2006, the City entered into an agreement with the Detroit Zoological Society (DZS) to manage the operations of the Detroit Zoological Institute, which include the Detroit Zoo and the Belle Isle Nature Zoo, through June 30, 2020, a period of fifteen years, with an option to renew for successive ten-year term. The agreement provides for the City to pay \$5.0 million of capital funds within 15 days of the State of Michigan's appropriation of \$4.0 million, and an additional \$5.0 million in fiscal year 2006-2007. The City also has agreed to pay an operating subsidy for insurance and security costs, totaling \$900,000 per year, for the first two years of the agreement. This subsidy is reflected in Agency 35 – Non-Departmental.

The fiscal year 2005-2006 budget for the Zoological Institute was \$12.8 million, and included 153 positions. The Mayor recommends that all 153 positions be transferred to the Zoological Society.

2005-2006 Surplus (Deficit)

The Mayor projects a surplus in appropriations of \$2.5 million, and a deficit in revenues of \$2.6 million, resulting in a net deficit of \$137,380 for the 2005-2006 fiscal year attributed to the transfer of operations to the DZS.

Overtime

In the 2005-2006 budget there is \$90,700 budgeted for overtime. Actual overtime incurred as of March 31, 2006 is \$100,306.

Personnel and Turnover Savings

No employee turnover savings have been identified for the Zoological Institute.

Following is information by appropriation comparing budgeted FY 2005-06 positions, March 31, 2006 filled positions and FY 2006-07 recommended positions.

<u>Appropriation/Program</u>	Budgeted	Filled	Mayor's	Over/(Under)	Mayor's
	Positions	Positions	Budget	Actual to	Recommended
	<u>FY 2005-06</u>	<u>3/31/2006</u>	<u>FY 2006-07</u>	<u>05/06 Budget</u>	<u>Turnover</u>
Zoological Institute (44):					
440010 Zoological Institute Ofc. Of the Dir.	5	4	0	(1)	\$ -
440060 Sales/Advertising	1	1	0	0	\$ -
440075 Park Rentals	1	1	0	0	\$ -
440080 Business Activities	8	6	0	(2)	\$ -
00171 General Administration	15	12	0	(3)	\$ -
440100 Guest Relations	27	4	0	(23)	\$ -
440110 Security	1	1	0	0	\$ -
440120 Miniature Railroad	7	2	0	(5)	\$ -
440130 Grounds Maintenance	8	7	0	(1)	\$ -
440140 Horticulture	3	3	0	0	\$ -
440150 Buildings	11	11	0	0	\$ -
440170 Education	4	3	0	(1)	\$ -
440180 Wildlife Interpretative Gallery (WIG)	3	3	0	0	\$ -
440190 Veterinary Care	6	5	0	(1)	\$ -
440200 Mammals	35	30	0	(5)	\$ -
440205 Reptiles	5	5	0	0	\$ -
440215 Animal Division Specialists	3	3	0	0	\$ -
440220 Birds	14	13	0	(1)	\$ -
440225 Amphibians	5	5	0	0	\$ -
440230 Animal Care Administration	1	1	0	0	\$ -
00172 Main Zoo Operations	133	96	0	(37)	\$ -
440270 Aquarium	0	0	0	0	\$ -
440320 BIZ Education	4	1	0	(3)	\$ -
440330 BIZ Animal Care	1	1	0	0	\$ -
00175 Belle Isle Activities	5	2	0	(3)	\$ -
44XXXX PARTTIME EMPLOYEES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ -</u>
 TOTAL	 <u>153</u>	 <u>110</u>	 <u>0</u>	 <u>(43)</u>	 <u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

There are no layoffs at the Zoo; however, all positions will be transferred to the Zoological Society per the agreement.

Significant Funding Changes by Appropriations

<u>Appro.</u>	<u>Program</u>	
12161	Zoo Operations	The Mayor's 2006-2007 Proposed Budget includes a \$900,000 general operating subsidy for insurance and security. This is located in Non-Departmental.

12152	Zoo Capital-Facility Improvements	The Mayor's 2006-2007 Proposed Budget includes \$5.0 million for facility improvements. This is located in Non-Departmental.
-------	-----------------------------------	--

Zoological Institute (44)

Budgeted Professional and Contractual Services by Activity	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Recommended</u>	Increase (Decrease)
General Administration	\$ -	\$ -	\$ -
Main Zoo Operations	7,804	-	-
Belle Isle Activities	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total	<u>\$ 11,804</u>	<u>\$ -</u>	<u>\$ (11,804)</u>

Significant Revenue Changes

All revenues for the Zoo have been transferred to the Zoological Society along with the appropriations.

Issues and Questions

1. Has the Memorandum of Agreement been signed by the City and by the Society? If so, please provide an executed copy to Council.
2. The Mayor's Proposed Budget states: "Upon transfer of the \$5,000,000 payment in fiscal year 2006, the Zoological Society will transfer ownership of the new Ford Education Center to the City." Section 5.4 of the Agreement provides for the payment of \$5,000,000 in capital within 15 days of the State of Michigan appropriating \$4.0 million in funds. Is the ownership transfer contingent on the payment of the capital dollars?
3. Does the City anticipate that the first required capital payment will be made before the end of the 2005-2006 fiscal year?
4. Please provide an update on the appropriation of \$4 million from the State for the Zoo.

IC:AG